

**GWICH'IN LAND AND
WATER BOARD**
Inuvik, NT

FINANCIAL STATEMENTS

For the Year Ended March 31, 2018

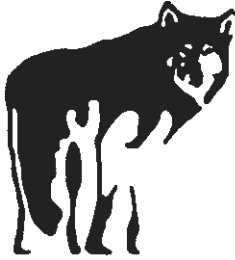
GWICH'IN LAND AND WATER BOARD

FINANCIAL STATEMENTS

For the year ended March 31, 2018

INDEX

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations and Accumulated Surplus	4
Statement of Changes in Net Financial Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10
Schedule of Revenue and Expenditure - Federal Funding Reporting:	
- Year ended March 31, 2018	11
- Year ended March 31, 2017	12



GWICH'IN LAND AND WATER BOARD

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Gwich'in Land and Water Board are the responsibility of management.

The financial statements have been prepared by management in accordance with the Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

Gwich'in Land and Water Board maintain systems of internal accounting and administrative controls of high quality, consistent with reasonable costs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Gwich'in Land and Water Board's assets are appropriately accounted for and adequately safeguarded.

Gwich'in Land and Water Board's Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by Paul Teoh Professional Corporation in accordance with Canadian generally accepted auditing standards. Its report to the members of Gwich'in Land and Water Board, stating the scope of his examination and opinion on the financial statements, follows.

Executive Director

Inuvik, NT
July 24, 2018



INDEPENDENT AUDITOR'S REPORT

To the members of Gwich'in Land and Water Board,

I have audited the accompanying financial statements of Gwich'in Land and Water Board, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Gwich'in Land and Water Board as at March 31, 2018, and the results of its operations, its changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountant

Calgary, Alberta
July 24, 2018

GWICH'IN LAND AND WATER BOARD

STATEMENT OF FINANCIAL POSITION

March 31,	2018	2017
Financial Assets		
Cash	\$ 258,425	\$ 164,188
Accounts receivable	6,124	9,146
Total Financial Assets	264,549	173,334
Liabilities		
Accounts payable and accrued liabilities	77,701	34,716
Deferred contributions (note 2)	62,642	-
Total Liabilities	140,343	34,716
Net Financial Assets	124,206	138,618
Non-Financial Assets		
Tangible capital assets (note 3)	32,380	31,596
Prepaid expenses and deposits	845	4,834
Total Non-Financial Assets	33,225	36,430
Accumulated Surplus (note 4)	\$ 157,431	\$ 175,048

Approved on behalf of the Board:


 _____ Director


 _____ Director

The accompanying notes and schedule are integral parts of these financial statements.

GWICH'IN LAND AND WATER BOARD

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31,	2018	2018	2017
	Budget (Unaudited)	Actual	Actual
Revenue			
Contributions - AANDC	\$ 985,958	\$ 1,003,458	\$ 857,355
Add opening deferred contributions	-	-	15,000
Less closing deferred contributions	-	(62,642)	-
	985,958	940,816	872,355
Expenditure			
Amortization	-	11,975	11,219
Bank charges and interest	500	1,860	962
Board meetings	254,901	100,967	142,828
Board training	14,892	96,678	101,538
Computer and Internet services	-	9,289	2,781
Insurance	2,080	177	2,050
Land permit advertising	2,500	1,781	2,783
Loss (gain) on disposal of tangible capital assets	-	999	-
Office	39,990	31,240	21,492
Professional fees	38,000	43,456	18,565
Rent	48,780	47,662	47,062
Staff professional development	20,967	43,513	57,969
Staff and board travel	26,178	3,806	2,874
Telephone	16,468	10,073	10,577
Vehicle	4,400	1,280	2,202
Wages and benefits	516,302	553,677	506,348
	985,958	958,433	931,250
Excess Revenue/(Expenditure)	-	(17,617)	(58,895)
Accumulated Surplus, beginning of year	175,048	175,048	233,943
Accumulated Surplus, end of year	\$ 175,048	\$ 157,431	\$ 175,048

The accompanying notes and schedule are integral parts of these financial statements.

GWICH'IN LAND AND WATER BOARD

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31,	2018	2018	2017
	Budget (Unaudited)	Actual	Actual
Annual Surplus (Deficit)	\$ -	\$(17,617)	\$(58,895)
Acquisition of tangible capital assets	-	(13,758)	(19,120)
Amortization of tangible capital assets	-	11,975	11,219
Loss (gains) on disposal of tangible capital assets	-	999	-
Decrease (increase) in prepaid expenses and deposits	-	3,989	(4,771)
Increase (Decrease) in Net Financial Assets	-	(14,412)	(71,567)
Net Financial Assets, beginning of year	138,618	138,618	210,185
Net Financial Assets, end of year	\$ 138,618	\$ 124,206	\$ 138,618

The accompanying notes and schedule are integral parts of these financial statements.

GWICH'IN LAND AND WATER BOARD

STATEMENT OF CASH FLOWS

For the year ended March 31,	2018	2017
Cash Flows From Operating Activities		
Cash receipts from contributions and others	\$ 1,006,480	\$ 868,714
Cash paid to suppliers and employees	(898,485)	(905,928)
	107,995	(37,214)
Capital Transactions		
Purchase of tangible capital assets	(13,758)	(19,120)
	(13,758)	(19,120)
Net Increase (Decrease) in Cash	94,237	(56,334)
Cash, beginning of year	164,188	220,522
Cash, end of year	\$ 258,425	\$ 164,188

The accompanying notes and schedule are integral parts of these financial statements.

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March-31-18

The Gwich'in Land and Water Board (the "Board"), was created upon the enactment of the *Mackenzie Valley Resource Management Act* on December 22, 1998.

The objective of the Board is to regulate land and water use throughout the settlement area, including Gwich'in lands and to provide for conservation, development and utilization of the land and water resources of the settlement area in a manner that will provide the optimum benefit there from for present and future residents of the settlement area and the Mackenzie Valley and for all Canadians.

The Board is a not-for-profit organization and is exempt for income tax purposes under Section 149(1)(e) of the *Income Tax Act*.

1. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Fund Accounting

The Board follows the deferral method of accounting for contributions. Related revenue and expenditures are grouped into funds based on their purposes.

General operating fund - a restricted fund, reports contributions from the Department of Indigenous and Northern Affairs Canada, Government of Canada as outlined in the Implementation Plan for the Gwich'in Comprehensive Land Claim Agreement, its related expenditure, assets and liabilities in respect of the core operations of the Board. Contributions which are unused by the agreement termination date shall be retained by the Board, provided the Board meets the commitments under the contribution agreement.

Training fund reports revenue the Board generated or contributions received for training purposes, its related expenditure, assets and liabilities in respect of the Board's training activities. The fund may be used by the Board for any specific projects at its discretion.

(b) Revenue Recognition

The Board follows the deferral method of accounting for contributions. Restricted funding is recognized in the year in which the related expenditures are incurred. Unrestricted funding is recognized as revenue when received or receivable if the collection of the amount to be received is reasonably assured.

Funding received in advance of the related expenditures is recorded as deferred contributions of the appropriate fund.

(c) Cash and Cash Equivalents

Cash includes cash and demand deposits. Cash equivalents includes highly liquid investments that can be readily converted into cash for a fixed amount and that matures less than three months from the date of acquisition.

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March-31-18

1. Significant Accounting Policies (Continued)

(d) Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Amortization is provided on a declining balance method over the estimated useful lives of the assets as follows:

Computer hardware	30%
Computer software	100%
Field equipment	30%
Telecommunications equipment	20%
Office equipment and furniture	20%

(e) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(f) Financial Instruments - Recognition and Measurement

The Board has elected the following balance sheet classifications with respect to its financial assets and financial liabilities:

- Cash is classified as assets held-for-trading and is subsequently measured at fair value with gains and losses arising from changes in the fair value recognized in net income in the period in which they arise. The estimated fair value of cash is assumed to approximate its carrying amount.
- Accounts receivable are classified as loans and receivables and are subsequently measured at amortized cost using the effective interest method. The amortized cost using the effective interest method approximates their fair values due to the short term nature.
- Accounts payable and accrued liabilities are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest method. At inception, the estimated fair values of accounts payable and accrued liabilities are assumed to approximate their carrying amounts.

Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments.

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March-31-18

2. Deferred Contributions

	2018	2017
AANDC - Core Operating	\$ 60,195	\$ -
AANDC - Northern Boards	2,447	-
\$ 62,642	\$	-

3. Tangible Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	\$ 93,639	\$ 71,006	\$ 22,633	\$ 19,544
Computer software	5,669	5,669	-	2,561
Field equipment	1,155	1,088	67	95
Telecommunications	6,934	1,941	4,993	6,241
Office equipment and furniture	32,372	27,685	4,687	3,155
\$ 139,769	\$ 107,389	\$ 32,380	\$ 31,596	

4. Accumulated Surplus

	2018	2017
General Operating Fund	\$ 56,804	\$ 75,205
Training Fund	68,247	68,247
Equity in Tangible Capital Assets	32,380	31,596
\$ 157,431	\$	175,048

5. Comparative Figures

Certain figures presented for comparative purposes have been reclassified to conform with current year's presentation.

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March-31-18

6. Financial Instruments and Risk Management

The Board's financial instruments are exposed to certain risks, which include credit risk, market risk, interest rate risk and liquidity risk.

Credit Risk - Credit risk refers to the potential that the funding agencies or counter party to a financial instrument will fail to discharge its contractual obligations. The Board is exposed mainly to credit risk from funding agencies' refusal to contribute the full funding due to the Board's non-compliance to the contribution agreements. The Board manages credit risk by ensuring that it complies with the terms and conditions of the contribution agreements.

Market Risk - Market risks is the risk that the fair value of financial instruments will fluctuate due to changes in market factors. Market risk includes fair value risk, interest rate risk and foreign currency risk. The Board is not exposed to these risks from its financial instruments.

Liquidity Risk - Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they fall due. The Board manages liquidity risk through the management of its capital structure.

GWICH'IN LAND AND WATER BOARD

SCHEDULE OF REVENUE AND EXPENDITURE - FEDERAL FUNDING REPORTING

For the year ended March 31, 2018

	Core Operating		Northern Boards	Prior Year Surplus	Total
	Budget (Unaudited)	Actual			
Revenue					
Contributions - AANDC	\$ 985,958	\$ 985,958	\$ 17,500	\$ -	\$ 1,003,458
Less closing deferred contributions	-	(60,195)	(2,447)	-	(62,642)
	985,958	925,763	15,053	-	940,816
Expenditure					
Bank charges and interest	500	1,860	-	-	1,860
Board meetings	254,901	100,967	-	-	100,967
Board training	14,892	77,280	-	19,398	96,678
Computer and Internet services	-	9,289	-	-	9,289
Insurance	2,080	177	-	-	177
Land permit advertising	2,500	1,781	-	-	1,781
Loss (gain) on disposal of tangible capital assets	-	999	-	-	999
Office	39,990	31,240	-	-	31,240
Professional fees	38,000	28,403	15,053	-	43,456
Rent	48,780	47,662	-	-	47,662
Staff professional development	20,967	43,513	-	-	43,513
Staff and board travel	26,178	3,806	-	-	3,806
Telephone	16,468	10,073	-	-	10,073
Vehicle	4,400	1,280	-	-	1,280
Wages and benefits	516,302	553,677	-	-	553,677
	985,958	912,007	15,053	19,398	946,458
Excess Revenue /(Expenditure)	-	13,756	-	(19,398)	(5,642)
Purchase of Tangible Capital Assets	-	13,756	-	-	13,756
Net Excess Revenue /(Expenditure)	\$ -	\$ -	\$ -	(19,398)	\$ (19,398)

GWICH'IN LAND AND WATER BOARD

SCHEDULE OF REVENUE AND EXPENDITURE - FEDERAL FUNDING REPORTING (CONTINUED)

For the year ended March 31, 2017

	Core Operating		Board Un-	Prior Year	Total
	Budget (Unaudited)	Actual	merging	Surplus	
Revenue					
Contributions - AANDC	\$ 843,936	\$ 857,355	\$ -	\$ -	\$ 857,355
Add opening deferred revenue	-	-	15,000	-	15,000
Less closing deferred revenue	-	-	-	-	-
	843,936	857,355	15,000	-	872,355
Expenditure					
Bank charges and interest	800	962	-	-	962
Board meetings	112,443	120,421	22,407	-	142,828
Board training	-	22,751	-	78,787	101,538
Computer and Internet services	16,200	2,781	-	-	2,781
Honoraria	90,226	-	-	-	-
Insurance	2,002	2,050	-	-	2,050
Land permit advertising	500	2,783	-	-	2,783
Office	28,490	21,492	-	-	21,492
Professional fees	11,500	18,565	-	-	18,565
Rent	47,580	47,062	-	-	47,062
Staff professional development	26,046	57,969	-	-	57,969
Staff and board travel	24,794	2,874	-	-	2,874
Telephone	9,587	10,577	-	-	10,577
Vehicle	3,200	2,202	-	-	2,202
Wages and benefits	470,568	506,348	-	-	506,348
	843,936	818,837	22,407	78,787	920,031
Excess Revenue /(Expenditure)					
Purchase of Tangible Capital Assets	-	38,518	(7,407)	(78,787)	(47,676)
	-	19,120	-	-	19,120
Net Excess Revenue /(Expenditure)	\$ -	\$ 19,398	\$(7,407)	\$(78,787)	\$(66,796)